

## TAHITO Te Tai o Rehua Fund

This communication is for information purposes only and does not represent an offer to invest in TAHITO.

31-Dec-23	Month	3 Mths	6 Mths	YTD	1 Year	2 Year	3 Years	Inception (p.a.)
Fund	5.0%	6.1%	2.0%	11.0%	11.0%	-0.3%	3.5%	6.2%
Benchmark	5.9%	5.9%	2.7%	7.9%	7.9%	0.8%	3.5%	5.2%
Alpha	-0.9%	0.1%	-0.6%	3.1%	3.1%	-1.2%	0.0%	1.0%

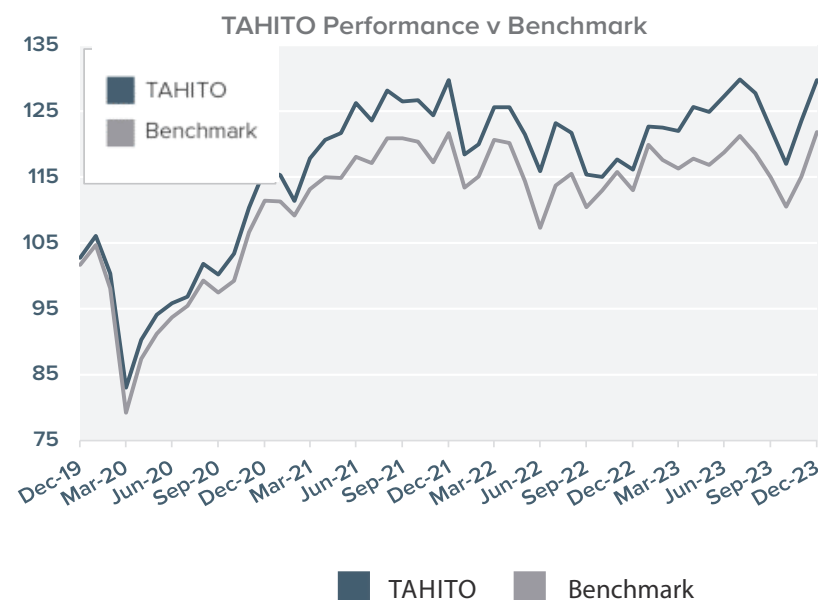
Benchmark - 50% NZX 50 Portfolio index (including imputation credits) / 50% ASX Accumulation 200 index (in NZD). Fund returns are after deductions for fees but before tax. Benchmark returns have no deduction for fees or tax.



CERTIFIED BY RIAA

The TAHITO Te Tai o Rehua Fund has been certified by the Responsible Investment Association Australasia according to the strict operational and disclosure practices required under the Responsible Investment Certification Program. See [www.responsibleinvestments.com.au](http://www.responsibleinvestments.com.au) for details.<sup>1</sup>

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### TAHITO Motuhake | TAHITO Te Tai o Rehua Fund Performance

Te Tai o Rehua Fund returned a positive 5.0% for the month, albeit 0.9% behind the benchmark of 5.9%. The return for the fourth quarter was 6.1%, up 0.1% on the benchmark. Aotearoa financial markets were strong in December with the NZX 50 up 4% fuelled by declining interest rates, which also drove good returns for bonds. The NZD had a mixed performance against major currencies, and trade dipped. Volatility remained, with China's slowdown and inflation concerns casting shadows. Overall, a quarter of both positive and negative signals.

The Aussie markets went from an initial December gloom to a stunning stock rally with the ASX 200 climbing 7.3% (7.7% in NZD), led by the Real Estate sector up 12% (in NZD terms) and fuelled by global optimism and resource strength. However, the economy eased with the jobless rate creeping up, and inflation remained sticky. The currency bounced erratically, while bonds enjoyed a breather from rate hike fever. Overall, a rollercoaster quarter with glimmers of hope amidst lingering uncertainty.

The key movers in the TToR Fund during the month were:

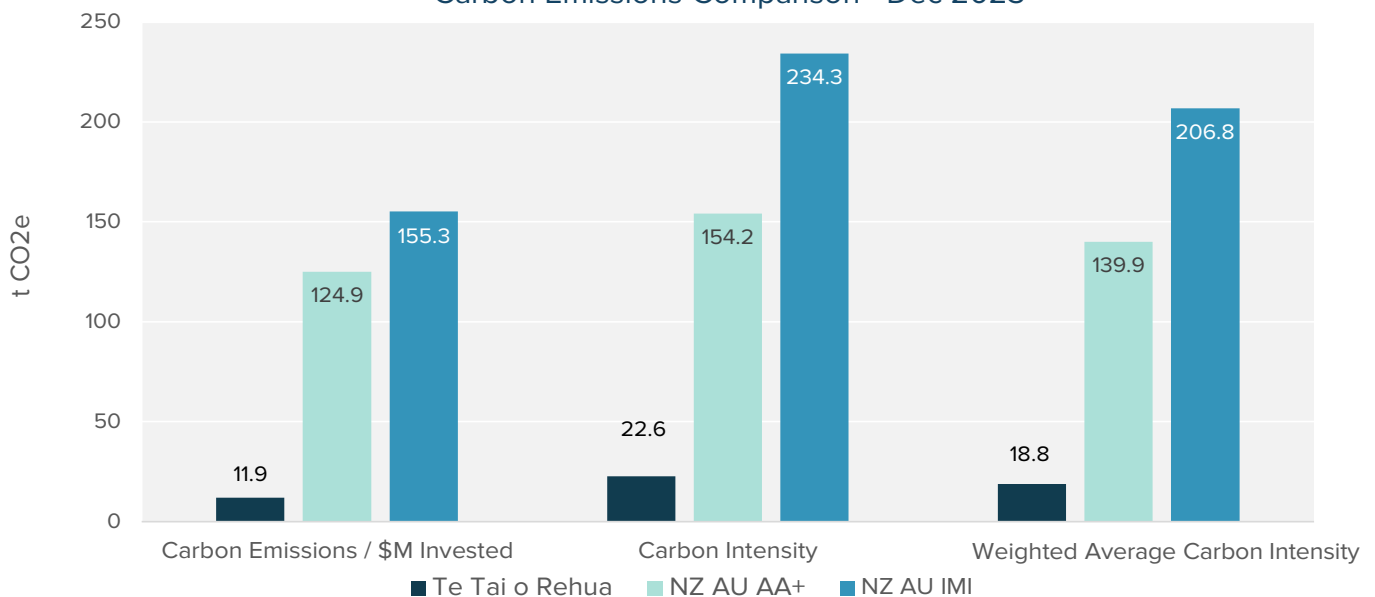
- Sims Ltd +16.3%, supported by an upward trend in metal prices.
- Meridian Energy +6.2%, benefitting from lower interest as a "bond proxy".
- IDP Education -11.6%, due to slower growth in their International English Language Testing System which is their main revenue driver, and increased competition.
- Heartland Group -8.6%, which lowered earnings guidance for the current financial year and noted slower lending growth and some asset quality deterioration.

## TAHITO Fund Performance - Continued

Good news regeneration (te whakahau) stories from Hakihea - December 2023:

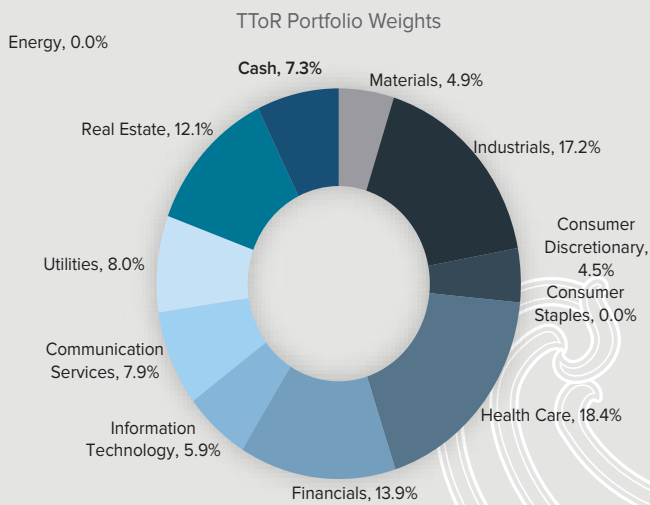
- **Kiwi chicks take flight:** 587 kiwi chicks were hatched and released back into the wild in December, a record number and a vital step towards recovering our iconic bird species. Not only did a record number of kiwi chicks hatch, but several innovative techniques, like drone-based predator control and egg relocation to safer nesting sites, offer greater hope for reversing the decline of this national treasure.
- **Indigenous knowledge shared:** Local iwi (Maori tribes) are leading projects to restore waterways and manage taonga (natural treasures) using traditional knowledge and practices.
- **Hydrogen Takes Off:** New Zealand is on the cutting edge of hydrogen technology, with projects exploring its use in everything from buses and trucks to aviation and marine vessels. Meridian Energy have selected Woodside Energy as their preferred partner for the Southern Green Hydrogen Project.
- **COP28's climate deal marks a turning point.** While not an explicit "phase-out", it calls for transitioning away from fossil fuels and boosting clean energy, with a focus on equity and urgency. Increased support for developing nations is key, alongside accountability mechanisms like a global stocktake. Challenges remain, but the deal sends a clear message: the fossil fuel era is winding down.
- **Chile's Atacama: Sun-Kissed Powerhouse:** The Atacama Desert, a vast expanse of otherworldly beauty, is quietly transforming into a renewable energy powerhouse. **Solar & Wind Boom:** The Atacama's exceptional sunshine and wind power the likes of the 238 MW solar PV complex by Acciona Energia. **Storage Solutions:** The "Oasis de Atacama," claimed to be the world's largest battery storage project, ensures consistent energy flow. **Innovation Hub:** The Cerro Dominador solar thermal tower uses molten salts for up to 17 hours of energy storage, a testament to Chilean ingenuity. Challenges remain, like ensuring environmental protection and grid integration. Yet, the Atacama's renewable energy story shines brightly, offering a beacon of hope for a sustainable future.
- **Brussels has laid plans to become a "10-Minute City"** where everything you need is just a 10-minute walk or bike ride away! This plan aims to transform Brussels into a network of self-sufficient neighbourhoods by 2030. Imagine: Grabbing groceries, dropping off kids at school, or enjoying a green space, all within a short stroll, and no matter where you live, having easy access to essential services and amenities. To make it happen, Brussels is: **Boosting public transport** to seamlessly connect neighbourhoods. **Building mixed-use developments** that blend homes, shops, and parks. **Prioritizing pedestrians and cyclists**, reclaiming streets for people. This ambitious plan is inspiring other cities around the world to rethink urban living and become places where convenience and sustainability go hand-in-hand.

Carbon Emissions Comparison - Dec 2023



The carbon emissions in Te Tai o Rehua Fund are 89% lower than all NZ AU MSCI listed equities with a AAA or AA ESG rating. Carbon intensity is 85% lower and weighted average carbon intensity is 86% lower. (NZ AU AA+ = New Zealand and Australian equities with and ESG rating of AA or better) (NZ AU IMI = The Morgan Stanley New Zealand and Australia Investible Market Index).

## TAHITO Te Tai o Rehua Portfolio Weights



## Ngā āhuatanga motuhake o te Tahua Key features of the fund

- Positive ethical screening
- Low carbon foot print
- Holistic sustainability measures
- High ESG quality
- Active management
- Experienced team
- Environmental & social impact
- Competitive fees

Top 5 Investment Holdings	Sector	T-Score	V-Score	Mkt Cap \$NZbn	Weight
Meridian Energy	Electricity NZ	6.6	6.1	14.2	8.0%
Commonwealth Bank Of Australia	Banks	5.6	3.1	189.2	6.2%
Spark New Zealand	Telecommunications	5.6	5.3	9.4	5.8%
Brambles	Commercial Services	6.8	5.6	19.9	5.0%
Sims Metal Management	Metals & Mining	6.6	5.4	2.6	4.6%

## Te Pūrongo Mōrearea o te Ao | World Economic Forum (WEF) Global Risk Report

The WEF Global Risks Report 2024 highlights a fragile world facing extreme weather and misinformation threats. The report paints a complex picture of a world grappling with rapid technological change, economic uncertainty, and a fragile geopolitical landscape. The top two risks identified in the current landscape are: 1. Extreme weather events: Seen as the biggest risk in 2024, with potential for massive disruption and human cost. 2. Misinformation and disinformation: Posing a critical threat, particularly with major elections looming in the next two years.

Other key insights include: A. Geopolitical fragmentation: Experts anticipate a multipolar or fragmented world order emerging, potentially increasing conflict and instability. B. Weakened resilience: Underlying tensions and economic strain could push societies past their tipping points of resilience, making them more vulnerable to shocks. C. Technological challenges: Rapid technological advancements, while offering opportunities, also bring risks like cybersecurity threats and inequality.

The report emphasizes the need for: Strengthening international cooperation in tackling major issues like climate change and misinformation requires collaborative effort. Building societal resilience and investing in education, infrastructure, and social safety nets will help communities weather crises. Responsible technology governance which includes implementing ethical frameworks for technological development is crucial.

[https://www3.weforum.org/docs/WEF\\_The\\_Global\\_Risks\\_Report\\_2024.pdf](https://www3.weforum.org/docs/WEF_The_Global_Risks_Report_2024.pdf)

## Te Whakaaturanga Tahua | Fund Description

Putting Environment and People before profit: The TAHITO Te Tai o Rehua is a values led ethical and sustainable Australasian equities fund for investors who want competitive market returns but equally would like to see their capital applied to a high ethical standard and in investments that are making a positive social and environmental impact.

TAHITO Te Tai o Rehua provides a holistic accountability on wellbeing using ethical and sustainable screens derived from Māori indigenous values. Māori values and ethics place people and the environment in high priority. This thinking is derived from the ancestral Māori worldview, which can be described as a holistic socio-ecological system that centres on the connection and interrelationship of all things. The process is called 'Te Kōwhiringa Tapu' which translates to 'Careful Selection'.

Te Kōwhiringa Tapu investment process integrates ESG on a values basis and applies a positive scoring system. The fund measures 'Aroha Connection', because the stronger the Aroha the better the Mauri. We are effectively measuring 'behaviour change', the transition of companies from the 'substantive', internally focused, very self-absorbed behaviours, to the ideal 'relational', externally connected, collective behaviours. This requires ethically strong and committed governance with a clear drive toward long-term sustainability to enhance financial returns.

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## Te Pūrongo Matapae o te Ao | 2024 Global Forecast Report

The VC+ 2024 Global Forecast Report, released in January 2024, is your ultimate cheat sheet for the year ahead. Based on over 700 expert predictions, it offers insights into key trends across various sectors, from global markets and geopolitics to technology and the economy. Here's a quick snapshot:

**Economic Outlook:** a) Slowdown, but not recession: A moderate economic slowdown is expected, with some regions experiencing tougher times than others. b) Chinese FDI decline: China's foreign direct investment is projected to hit multi-year lows, impacting global investment patterns. c) Tech sector cooling: The tech boom is expected to cool down, but innovation will continue in areas like artificial intelligence and clean energy.

**Geopolitical Landscape:** a) Multipolar world: The rise of multiple power centres will reshape global dynamics, potentially leading to increased competition and uncertainty. b) Escalating tensions: Experts predict heightened tensions between major powers, particularly in the Indo-Pacific region. c) Climate change as a security threat: The report highlights the growing security risks associated with climate change and environmental degradation.

**Technological Trends:** a) Quantum computing advances: Expect significant progress in quantum computing, with potential applications in healthcare, materials science, and finance. b) AI takes center stage: Artificial intelligence will continue to permeate various industries, raising ethical concerns and questions about job displacement. c) Metaverse momentum: The metaverse will gain further traction, with businesses and individuals exploring its potential for virtual experiences and commerce.

**Other key insights include:** a) Growing wealth inequality: The gap between rich and poor is expected to widen, posing a major societal challenge. b) Climate action intensifies: The pressure to address climate change will mount, leading to increased investments in renewable energy and sustainable practices. c) Populism and social unrest: Expect continued political polarization and social discontent in various regions. Overall, the VC+ 2024 Global Forecast Report paints a mixed picture of the world ahead. While challenges and uncertainties abound, it also highlights exciting opportunities and innovations that are shaping the future.

[https://www.visualcapitalist.com/wp-content/uploads/2024/01/GF24\\_Final-Export-01.pdf](https://www.visualcapitalist.com/wp-content/uploads/2024/01/GF24_Final-Export-01.pdf)

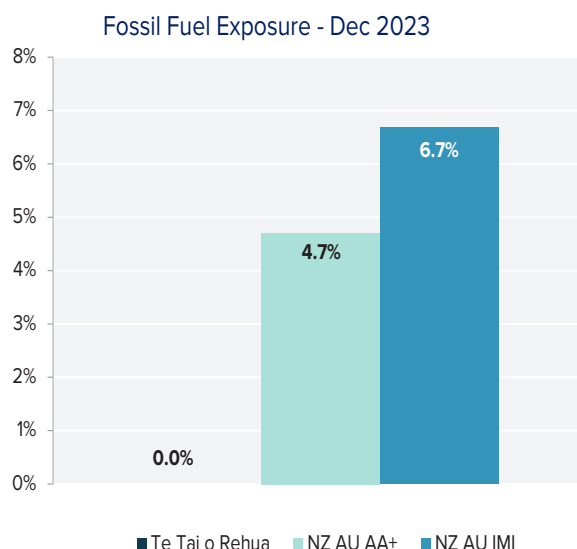
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## Te Kura Whakangao | Investment Philosophy

The TAHITO investment philosophy focuses on providing high quality ethical and sustainable investment services to investors. It is based on the following principles:

1. We are ethical investors. We actively seek companies that are well run and meet our stringent Māori ethical screening tests.
2. We have a disciplined approach to risk management.
3. We actively manage the portfolio, enabling quick assessment and reaction to adverse changes.
4. We look for long term sustainable growth potential and a willingness to change and engage new tech.
5. We take a long-term view.
6. We are values-based investors. We invest in quality companies that are serious about their ethics and committed to low environmental impact and a high-level of social and corporate responsibility.
7. All securities undergo fundamental valuation and financial quality analysis.
8. We integrate MSCI Environmental Social and Governance (ESG) research on a values basis in our ethical screening.

Risk	TAHITO TToR	Benchmark	Difference
Total Risk	<b>14.6</b>	13.3	1.3
Tracking Error	<b>6.3</b>		
Beta	<b>1.0</b>	1.00	0.0
No. of Stocks	<b>28</b>	250	-222
Active share	<b>74%</b>		
Aggregate Statistics: Value	TAHITO TToR	Benchmark	Difference
Dividend Yield	<b>3.5%</b>	3.8%	-0.3%
Earnings Yield	<b>4.9%</b>	5.7%	-0.9%
Quality			
High Quality	<b>38.6%</b>	25.9%	12.7%
ROE	<b>7.1%</b>	7.9%	-0.8%



## TAHITO Engagement and Proxy Voting

### Whakarāpopototanga | Summary

During the fourth quarter 2023 TAHITO submitted proxy votes for following companies:

**WTC - Wisetech Global Ltd:** Whakarongo – tō hiwa (Balanced – collective awareness / equity and diversity). WTC has only 2 female directors out of 7. WTC should be increasing their female representation, TAHITO voted against the re- election of Charles Gibbon. WTC has a high wage ratio of 27 to 1. Based upon our equity principle, TAHITO voted against the remuneration report, and against the grant of share rights to executive director Maree Isaacs. TAHITO voted for the amendments to the constitution, as many of the changes are administrative or relatively minor in nature. TAHITO voted for the reinsertion of proportional takeover provisions.

**MPL - Medibank Private Ltd:** Whakarongo – tō hiwa (Balanced – collective awareness / equity and diversity). MPL has near gender parity with 4 female directors out of 9. TAHITO voted for the re- election of Mike Wilkins (AO) and Dr Tracy Battern. MPL has a very high wage ratio of 50 to 1. Based upon our equity principle, TAHITO voted against the remuneration report, and against granting performance rights to the CEO.

**INA - Ingenia Communities Group:** Whakarongo – tō hiwa (Balanced – collective awareness / equity and diversity). INA has near gender parity with 3 female directors out of 8. TAHITO voted for the re- election of Pippa Downes, Greg Hayes and Amanda Heyworth. INA has a high wage ratio of 18 to 1. Based upon our equity principle, TAHITO voted against the remuneration report, and against the remuneration and incentives for the CEO. TAHITO voted against the approval to issue securities under the INA right plan as they tend to be heavily weighted toward the executive and senior management, further perpetuating inequity.

**SHL - Sonic Healthcare Ltd:** Whakarongo – tō hiwa (Balanced – collective awareness / equity and diversity). SHL has near gender parity with 4 female directors out of 9. TAHITO is of the view that with 4 directors up for re-election they should be moving to parity and more ethnic diversity on the Board. TAHITO voted for the re- election of Suzanne Crowe, and took no action on Mark Compton, Neville Mitchell and Chris Wilks. SHL has an extremely high wage ratio of 85 to 1. Based upon our equity principle, TAHITO voted against the remuneration report, and against the approval of long term incentives for the CEO and CFO. TAHITO voted for the renewal of the proportional takeover bid approval provisions. TAHITO voted against the issue of securities under the employee option plan and against the issue of securities under the performance rights plan as they tend to be weighted towards executives and senior management, further perpetuating pay inequity.

**MGR - Mirvac Group:** Whakarongo – tō hiwa (Balanced – collective awareness / equity and diversity). MGR has near gender parity with 3 female directors out of 8. TAHITO voted for the re- election of Rob Sindel, Christine Bartlett and Samantha Mostyn (AO). MGR has a very high wage ratio of 45 to 1. Based upon our equity principle, TAHITO voted against the remuneration report, and against the participation of the Managing Director - CEO in the long term performance plan.

**SEK - Seek Ltd:** Whakarongo – tō hiwa (Balanced – collective awareness / equity and diversity). SEK has near gender parity with 3 female directors out of 8. TAHITO voted for the of election Jamaludin Ibrahim and the re-election of Venessa Wallace. SEK has an extremely high wage ratio of 55 to 1. Based upon our equity principle, TAHITO voted against the remuneration report, and also against the equity right and the wealth sharing plan for the Managing Director - CEO. TAHITO voted for the renewal of the proportional takeover provision.

**CPU - Computershare Ltd:** Whakarongo – tō hiwa (Balanced – collective awareness / equity and diversity). CPU has near gender parity with 3 female directors out of 7. TAHITO voted for the re-election of Joseph Vellias and Ms Abigail Cleland. CPU has an extremely high wage ratio of 75 to 1. Based upon our equity principle, TAHITO voted against the remuneration report and against the long term incentive plan for the CEO.



## TAHITO Engagement and Proxy Voting Continued

AEF – Australian Ethical Investment Ltd: Whakarongo – tō hiwa (Balanced – collective awareness / equity and diversity). AEF is one of the few companies with gender parity with 3 female directors out of 6. TAHITO voted for the re-election of Steve Gibbs and the election of Sandra McCullagh. AEF has a moderate to low wage ratio of 13 to 1. As this is close to our equity target range, TAHITO voted for the adoption of the remuneration report.

KMD - KMD Brands Ltd: Whakarongo – tō hiwa (Balanced – collective awareness / equity and diversity). KMD has near gender parity with 4 female directors out of 9. TAHITO voted for the re-election of Brent Scrimshaw, Philip Bowman and the election of Zion Armstrong. KMD has a high wage ratio of 34 to 1. Based upon our equity principle, TAHITO voted for the Board being authorised to fix Audit remuneration and for the amendments and replacements to its constitution in order to maintain B Corp certification.

HGH - Heartland Group: Whakarongo – tō hiwa (Balanced – collective awareness / equity and diversity). HGH is not at or near gender parity with 4 female directors out of 11. TAHITO voted against the re-election of Greg Tomlinson on this basis. HGH has a high wage ratio of 34 to 1. Based upon our equity principle, TAHITO voted against the increase in remuneration for non-executive directors. TAHITO voted for the Board being authorised to fix Auditor remuneration.

IM8 (SGM) - Sims Ltd: Whakarongo – tō hiwa (Balanced – collective awareness / equity and diversity). Sims has near gender parity with 4 female directors out of 9. TAHITO voted for the election of Thomas Gorman and Katherine Anne Hirschfeld. Sims has an extremely high wage ratio of 91 to 1. Based upon our equity principle, TAHITO voted against the remuneration report and against the inclusion into the company's long term incentive plan of Mr Mikkelsen.

RWC - Reliance Worldwide Corp: Whakarongo – tō hiwa (Balanced – collective awareness / equity and diversity). RWC has near gender parity with 3 female directors out of 8 directors. TAHITO voted for the election of Brad Soller, Russell Chenu and Ian Rowden. RWC has a very high wage ratio of 50 to 1. Based upon our equity principle, TAHITO voted against the remuneration report, against the increase to the non-executive director fee pool and against the performance awards to the incoming CEO.

EBO - Ebos Group: Whakarongo – tō hiwa (Balanced – collective awareness / equity and diversity). EBO has near gender parity with 3 female directors out of 7. TAHITO voted for the election of Julie Tay. EBO has an extremely high wage ratio of 56 to 1. Based upon our equity principle, TAHITO voted against the increase in remuneration for non-executive directors. TAHITO vote for the directors to have authority to fix the fees and expenses of the Auditors.

TCL - Transurban Group: Whakarongo – tō hiwa (Balanced – collective awareness / equity and diversity). TCL has a low female representation on the Board, but with 3 of 10 directors this election will increase female representation to near parity. TAHITO voted for the election of Sarah Ryan and the re-elections of Patricia Cross and Mark Birrell. TCL has a very high wage ratio of 48 to 1. Based upon our equity principle, TAHITO voted against the remuneration report, against the increase to the non-executive director fee pool and against the performance awards to the incoming CEO.

IEL - IDP Education Ltd: Whakarongo – tō hiwa (Balanced – collective awareness / equity and diversity). IEL has near female equity on the Board, with 4 of 9 directors. TAHITO voted for the re-election of Ms Ariane Barker and the election of Mr Andrew Barkla. IEL has a moderate wage ratio of 17 to 1. Based upon our equity principle, TAHITO voted against the remuneration report and against performance share rights to the CEO and Managing Director.

CSL Ltd: Whakarongo – tō hiwa (Balanced – collective awareness / equity and diversity). CSL has near female equity on the Board, with 5 out of 11 directors. TAHITO voted for the re-election of Ms Carolyn Hewson. CSL has an extremely high wage ratio of 119 to 1. Based upon our equity principle, TAHITO voted against the remuneration report and against the issuance of performance share units to the CEO and Managing Director. TAHITO voted for the appointment of the Auditors of CSL.

SGP - Stockland Corporation Whakarongo – tō hiwa (Balanced – collective awareness / equity and diversity). SGP has low female numbers on the Board, being 3 out of 9. SGP should be taking the opportunity to increase the number of female directors. TAHITO voted for the re-election of Kate McKenzie and abstained from the re-election of Tom Pockett and Andrew Stevens. SGP has an extremely high wage ratio of 66 to 1. Based upon our equity principle, TAHITO voted against the remuneration report and against the issuance of performance rights to the Managing Director.

BXB - Brambles Ltd Whakarongo – tō hiwa (Balanced – collective awareness / equity and diversity). BXB has near female equity with Board directors, being 4 out of 9. TAHITO voted for the election of Priya Rajagopalan and for the re-election of Ken McCall, John Mullen and Nora Scheinkestel. BXB has an extremely high wage ratio of 99.5 to 1. Based upon our equity principle, TAHITO voted against the remuneration plan, against the participation of Graham Chipchase (CEO) and Nessa O'Sullivan (CFO) in the performance share plan and against the participation of Nessa O'Sullivan (CFO) in the MyShare Plan.

MEL - Meridian Energy Ltd Whakarongo – tō hiwa (Balanced – collective awareness / equity and diversity). MEL has female equity amongst Board Directors, being 4 out of 8. TAHITO voted for the re-election of Mark Verbiest and David Carter.

CBA - Comm Bank Whakarongo – tō hiwa (Balanced – collective awareness / equity and diversity). CBA has female equity with Board Directors, being 5 out of 10. TAHITO voted for the re-election of Rob Whitfield and Simon Moutter. CBA has an extremely high wage ratio of 81.4 to 1. Based upon our equity principle, TAHITO voted against the adoption of the 2023 remuneration report and against the grant of securities to the CEO.

## TechnologyOne Limited (TNE)

### Whakarāpopototanga | Summary

TNE has a Tahito score of 5.9 (out of 10) with a good score in climate change and our TAHITO community score. TNE has an 'AA' MSCI ESG rating.

TechnologyOne Limited	Score
Women Directors	25.0%
Women in Executive roles	10.0%
\$M Donations and Community Grants	\$1.12
% of NPAT to Donations & Grants	1.3%
Has achieved Carbon Netural (CO2 only, Y/N)	Y
Target date for carbon netural if N	Achieved
Has set target for Net zero scope 1,2 (Y/N)	Y
Target date for Net zero Scopes 1&2	Achieved
Has set target Carbon Net zero Scopes 1,2 &3 (Y/N)	Y
Target date for Net zero Scopes 1,2 & 3	Achieved
Scopes 1&2 Carbon Emissions - Key *	Reported
Scope 1+2 (metric tons) *	643
Scope 1+2 Intensity (t/USD million sales) *	2.7
Scope 3 Carbon Emissions - Key *	Estimation
Scope 3 - Total (combined dataset) *	27,084
Scope 3 - Total Sales Intensity (combined dataset) *	114.4
Total GHG Emissions (Scopes 1, 2 and 3) *	27,760

Software and Services	Score
<b>T-score</b>	<b>5.9</b>
<b>V-score</b>	<b>6.2</b>
Te Pai o Rangi TAHITO Score	7.9
Climate Change Theme Score*	9.0
Te Poho o Papa TAHITO Score	2.7
Environmental Pillar Score*	5.3
Environmental Opportunities Score*	3.6
Natural Capital Score*	-
Pollution and Waste Score*	-
Human Capital Score*	3.5
Wage Ratio (multiple of median wage)**	21
Qualitative TAHITO Community Score	7.0

Carbon intensity +tons / \$M sales

\* MSCI ESG data and scores

\*\* CEOs salary divided by the median wage

### Whakarāpopototanga | Summary

TechnologyOne, a leading Australian software company is increasingly recognizing the urgency of climate action. FY2023 marked a notable year of progress in their sustainability journey, showcasing a commitment to reducing their environmental footprint.

### TechnologyOne Ltd (TNE) FY2023 Review: Climate Change – Te Pae o Rangi

TNE's global operations are carbon neutral. In FY20 and FY21 TNE achieved Climate Active certification for their Australian operations and in FY22, expanded certification to include global operations. For every tonne of carbon attributable to TNE, a tonne of carbon credits is purchased by TNE and retired. TNE carbon offset credits are sourced from projects related to solar and wind power initiatives in India. In FY23, TNE offset 8,466 tonnes of greenhouse gas emissions with the purchase and retirement of certified carbon credits.

## TechnologyOne (TNE) - Continued

### Highlights:

- TNE measure Scope 1, 2 and 3 emissions according to the Greenhouse Gas Protocol, with the support of Pangolin Associates as subject matter experts. In FY23, TNE achieved a decrease in their global Scope 1 and 2 emissions by almost 19 per cent against FY22. TNE has set company-wide targets to reduce their Scope 1 and 2 global emissions by 80 per cent by 2025 and 100 per cent by 2030 from a FY22 baseline.
- TNE global operational emissions for FY23 amounted to 8,465 tCO<sub>2</sub>-e, an increase against FY22, primarily attributed to resuming global travel (flights) and increasing technology investment. The highest proportion of their emissions come from third-party services.
- Energy efficiency gains: TNE implemented successful initiatives, achieving a 12% reduction in overall energy consumption compared to FY2022. This signifies a dedication to optimizing data centres and office operations.
- Renewable energy shift: Recognizing the critical role of renewables, TNE has pledged to source 25% of its electricity from renewable sources by 2025. This is a significant step towards clean energy reliance and aligns with Australia's national goals.
- Investing in offsets: While acknowledging current limitations in achieving complete carbon neutrality, TNE committed to supporting certified carbon offset projects. These projects focus on areas like reforestation and renewable energy development, compensating for unavoidable emissions.

### TNE Commitment to Carbon Net Zero:

TNE established a roadmap towards achieving carbon neutrality by 2030. This roadmap outlines a clear path with concrete steps, including:

- Accelerating the transition to renewables: Increasing the reliance on renewable energy sources to power data centres and offices, with the goal of reaching 100% by 2030.
- As part of their progress to date, TNE has adopted an iterative approach to implementing the TCFD recommendations and to identify, measure, manage, assure, and report on climate-related risks and opportunities.
- Exploring innovative solutions: TNE is investing in the research and development of carbon capture and storage technologies and exploring the potential of green software solutions that promote sustainability across industries.

### TNE and Contaminating Emissions (other Than CO<sub>2</sub>):

While CO<sub>2</sub> remains the primary focus, TNE understands the importance of addressing other emissions like methane and nitrous oxide. The company is currently evaluating potential measures to reduce these emissions.

### Challenges and Opportunities:

TNE's decarbonization journey presents challenges, including the high upfront costs of renewable energy infrastructure and the reliance on third-party carbon offsetting projects. However, the company is strategically tackling these hurdles through partnerships and investment in innovative technologies. Furthermore, TNE recognizes the potential in leveraging its software expertise to offer clients solutions that promote sustainability across various industries. This creates significant opportunities for growth and leadership in the emerging green economy.

## Te Poho o Papatūānuku | An Environmental Perspective

TNE navigates the increasingly crucial environmental landscape with a multifaceted approach, prioritizing waste reduction, responsible resource management, and alignment with the UN Sustainable Development Goals (SDGs). Analysis of their commitments and initiatives reveals a commendable dedication to environmental stewardship.

### Waste Management:

- **Prioritization:** TNE proactively prioritizes waste reduction through responsible consumption, resource optimization, and leveraging digital solutions.
- **Reflective of efforts to promote awareness and to drive change,** TNE total waste diversion from landfill was maintained at 31 per cent during the year. Their Sustainability Report showcased notable initiatives, including double-sided printing, e-billing, and IT equipment donations.
- **Future Focus:** Comprehensive waste accounting data and further expansion of reduction programs will enhance TNE's waste management efficacy in FY2023 and beyond.

### Biodiversity Conservation:

- **Indirect Impact:** While TNE's direct impact on biodiversity is minimal, their cloud-based solutions offer indirect benefits by potentially minimizing e-waste generated by traditional IT infrastructure.
- **WWF Partnership:** Engagement in the WWF Corporate Climate Partnership demonstrates TNE's commitment to broader environmental conservation efforts.
- **Continuous Engagement:** Exploring biodiversity-focused partnerships and initiatives could further their contributions in this domain.

### Circular Economy Potential:

- **Alignment:** TNE's existing waste reduction and resource management efforts resonate with circular economy principles, laying a foundation for further integration.
- **Strategic Development:** Implementing circular economy principles into product design, software development, and supply chain management presents exciting opportunities for future environmental impact reduction.

### UN SDGs and Collaborative Efforts:

- **SDG Alignment:** TNE strategically aligns its sustainability efforts with relevant UN SDGs, particularly SDG 7 (Affordable and Clean Energy), SDG 12 (Responsible Consumption and Production), and SDG 13 (Climate Action).
- **Cloud-based Solutions:** TNE's cloud-based solutions can contribute to achieving SDG 9 (Industry, Innovation and Infrastructure) by promoting resource efficiency and digital transformation.
- **Tech for Good and WWF Partnerships:** Collaborations with like-minded organizations amplify TNE's environmental impact and foster knowledge sharing.

### Supplier Sustainability and Future Outlook:

- **Engagement:** TNE encourages sustainable practices among its suppliers, but further details on supplier sustainability assessment and evaluation criteria are needed.



## TechnologyOne Continued (TNE) - Continued

- Transparency and Collaboration: Implementing transparent supplier sustainability assessments and collaborating with suppliers on joint initiatives can strengthen TNE's overall environmental commitment.

TNE's dedication to environmental stewardship is evident through waste reduction efforts, strategic SDG alignment, and proactive partnerships. Embracing circular economy principles and enhancing supplier sustainability engagement hold immense potential for further environmental progress.

### Internal Social Focus

#### TNE's Commitment to Internal Social Responsibility:

- **Equity and Diversity:** TNE fosters an inclusive workplace culture, evidenced by a 38% female workforce representation and 43% of senior roles being held by women. TNE have 28% culturally diverse employees in FY2022. Further strengthening Employee Resource Groups (ERGs) for Women in Technology, LGBTQIA+, and Cultural Diversity will deepen inclusivity and facilitate employee engagement.
- **Investing in People:** TNE prioritizes employee development with tailored leadership programs equipping individuals for career advancement, while mental health initiatives and confidential support services bolster employee well-being.
- **For eight years running** TNE has been named an Employer of Choice by the Australian Business Awards.
- **Gender Equity:** TNE demonstrably achieves progress towards pay equity, with a global gender pay gap of 2.8% in FY2022. Generous parental leave policies and flexible work arrangements further promote work-life balance and family-friendly practices.
- **Comprehensive Benefits Package:** TNE provides employees with attractive discounts, health insurance, and access to wellness programs, solidifying their commitment to employee well-being. Additionally, community engagement initiatives foster social responsibility and employee growth.
- **All team members across the global operations** participate in an immersive 'O-Week' program where they meet the executive and senior leaders, learn about TNE history, vision and mission, company values, business structure and how they deliver customer experience.

Looking Ahead to FY2023 and Beyond: Continued focus on closing the gender pay gap, expanding diversity and inclusion initiatives, and enhancing employee well-being are crucial for TNE to maintain its position as a socially responsible employer and attract and retain top talent. TNE's internal social initiatives present a positive picture of their commitment to fostering an inclusive, diverse, and supportive workplace. Continued progress in these areas will not only benefit employees but also solidify TNE's position as a leading employer in the technology sector.

### External Social Focus

#### TNE – Donations, Grants, Community and Charity support:

- During FY23, TNE supported over 85 charities through 5,341 volunteer hours and contributed \$856,849 into communities through Foundation programs and direct charitable donations. Their goal is to assist 500,000 children to break the cycle of poverty through education, learning, health and wellbeing support. Their efforts to date have positively impacted the lives of 83,628 children through microfinance loans issued by their charity partner, Opportunity International.

- TNE were awarded the Community Contribution Award 2023 by the Australian Business Awards.
- Each year their TechnologyOne Foundation pledges 1% of time, 1% of product, and 1% of profit to charitable causes. This initiative is part of the 1% Pledge corporate philanthropy movement, dedicated to making the community a key stakeholder in every business.
- **Education focus:** TNE partnered with organizations like The Smith Family, Solar Buddy, The School of St Jude and the Bursary Endowment Fund to provide scholarships and digital learning resources for underprivileged students, particularly in STEM fields. This aligns with their goal of fostering future generations of tech talent.
- **Community engagement:** TNE employees actively participated in volunteering opportunities, contributing 5,431 hours to various local and national causes. This fosters a culture of social responsibility within the company.

#### TNE Partnerships:

- **Strategic collaborations:** TNE partnered with key organizations like The Salvation Army and The Fred Hollows Foundation to address pressing social issues. These partnerships leveraged collective expertise and resources for greater impact.
- **Cross-sector partnerships:** TNE actively engaged with government agencies, educational institutions, and other businesses to develop innovative solutions for social challenges. This collaborative approach broadens reach and maximizes impact.
- **Focus on under-represented communities:** TNE partnered with organizations working with Indigenous Australians and Māori communities to provide technology access and training. This demonstrates their commitment to inclusivity and bridging the digital divide.

#### TNE and Indigenous People:

- **Reconciliation commitment:** TNE acknowledged their role in reconciliation with Indigenous Australians and outlined concrete steps to support their communities. They announced their intention to work on their first Reconciliation Action Plan (RAP), which is expected for launch in early FY24.

Overall, TNE's FY2023 external social focus highlights their commitment to making a positive impact in the communities in which they operate. Their focus on education, technology access, inclusivity, and partnerships demonstrates a well-rounded approach to social responsibility.

## Social Values, Achievements, Recognition, and Noteworthy Qualities

#### TNE Values, Vision, and Purpose:

##### Values:

- **People are our power:** We foster curiosity through deep collaboration, innovation and creativity. We have the courage and conviction to always find a solution. We have grit and determination.
- **Make the impossible possible:** We don't do easy. We have the bravery and perseverance to make difficult decisions and see them through. We inspire the team and work side by side with them. We set ambitious goals and deliver.

## TechnologyOne (TNE) - Continued

- **Simplicity is our compass:** We deliver software and solutions that are incredibly easy to use and remove complexity. We are hyper focussed on constantly learning and adapting to change the world. We personify simplicity by embracing the power of new and emerging technologies.
- **We're stronger as one:** We work hard, have fun in the process and celebrate each other's success. Everyone's voice is respected. Win or lose, we are one team.
- **Customers are our true north:** We have deep partnerships with our customers and we build software and solutions they can't live without.

**Vision:** To build and deliver truly great products and services that transform business and make life simple for customers.

**Purpose:** To better our community, from its citizens to students, by leveraging our team's innovation, drive and determination. The TNE Passion is to solve the complex.

### Noteworthy Qualities of TNE:

- **Strong Track Record:** Established and profitable company with a long history of success.
- **Commitment to R&D:** Invests heavily in research and development, ensuring their technology remains cutting-edge.
- **Customer-focused Culture:** Prioritizes customer needs and satisfaction, leading to high retention rates.
- **Talented Workforce:** Employs a highly skilled and experienced team with a deep understanding of the industry.
- **Social Responsibility:** Actively involved in giving back to the community through donations, partnerships, and employee volunteering.

## Te Pārongo Ahumoni | Financial Information

Ticker and V Score	Forward Dividend Yield	Forward P/E	Long Run Median P/E	Forward P/E rel LRM	Forecast EPS Growth (Yr 2&3)	Return on Capital	Total Debt / Total Capital
TNE	1.4%	42.3	35.4	1.2	17%	34.1%	10%

**Website:** <https://technologyonecorp.com/>

**Country:** Australia

**Ticker:** TNE

**IVA Industry:** Software & Services

**Market Capitalisation:** \$A4.97bn

**GICS Sub-Industry:** Application Software

### Business description:

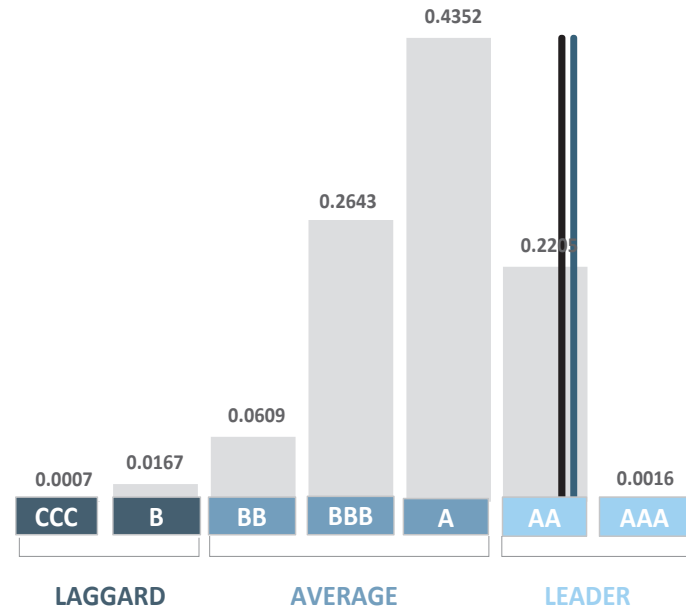
TechnologyOne Limited is an Australia-based global Software as a Service (SaaS) company. The Company is engaged in the development, marketing, sales, implementation, and support of integrated enterprise business software solutions. The Company's segments include Software and Consulting. The Software segment consists of sales and marketing, research and development, and a SaaS platform. The Consulting segment is responsible for services in relation to its software. The Company's enterprise business software solutions include enterprise asset management, financials, human resource and payroll, enterprise budgeting, supply chain, property and rating, student management, business intelligence, enterprise content management, performance planning, spatial, enterprise cash receipting, stakeholder management and others. It serves various markets, including local government, education, government, health and community services, asset and project intensive, and corporate and financial services.

### ESG Rating:

TechnologyOne has been upgraded to 'AAA' from 'AA'. We no longer flag TechnologyOne for entrenchment risks, following the resignation of a long-tenured former executive from the board. This has also alleviated concerns that the pay committee may not be independent of management. Also driving the upgrade is their latest assessment of the company's exposure to data security risks, which appears to be low given its focus on enterprise-use products that require limited access to end user data. The company leads most global peers on corporate governance. It has a majority independent board to provide management oversight. Like most Australian peers, it follows the single equity structure that may help align shareholders' voting power and economic exposure. Its business ethics practices appear strong, featuring detailed anti-corruption and whistleblower policies. The company's exposure to privacy risks primarily stem from its presence in Australia (~85% operations in FY 2021), where privacy rules are stringent. To mitigate the risks, it has adopted strong monitoring measures such as vulnerability scans and penetration tests. Its information security system is also backed by ISO 27001 and SOC certification. TechnologyOne relies on skilled talent to offer integrated software solutions, and may thus face talent retention challenges. To address these, it has adopted engagement initiatives such as surveys to gauge workforce morale. However, its initiatives to support internal career growth appear limited.

## MSCI ESG | Fund Metrics Distribution

Coloured bars correspond to portfolio and benchmark ESG Quality Scores



MSCI ESG Quality Score (out of 10)
TTor Portfolio
8.14
Primary Benchmark
8.31

## Te Tai o Rehua Fund ESG summary

<b>PORTFOLIO</b> Weighted Avg ESG Score Portfolio 8.14 Te Tai o Rehua Fund	<b>MSCI ESG Ratings</b> 
Benchmark 8.31 MSCI NZ AU AA & AAA ESG Rating	

<b>PORTFOLIO ESG Rating Summary</b>	
ESG Quality	Leader Portfolio = Benchmark
ESG Ratings Distribution	Leaders 21.5% under benchmark Portfolio Laggards% = Benchmark Laggards%
ESG Ratings Momentum	Upward momentum 2.7% under benchmark

Information Disclaimer: This is for information purposes only. It does not take into account your investment needs or personal circumstances and so is not intended to be viewed as investment or financial advice. Should you require financial advice you should always speak to your Financial Adviser. Before investing you should read the TAHITO Te Tai o Rehua Product Disclosure Statement and Statement of Investment Policy and Objectives, available at [www.tahito.co.nz](http://www.tahito.co.nz) and [www.companies.govt.nz/disclose](http://www.companies.govt.nz/disclose). Past performance is not indicative of future results and no representation or warranty, express or implied, is made regarding future performance. Reference to taxation or the impact of taxation does not constitute tax advice. The levels and bases of taxation may change. This has been prepared from published information and other sources believed to be reliable, accurate and complete at the time of preparation. While every effort has been made to ensure accuracy, neither Clarity Funds Management, nor any person involved in this publication, accept any liability for any errors or omission.